

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1800 – HB 2260

March 11, 2014

**SUMMARY OF ORIGINAL BILL:** Defines “blighted property”, requires that prior to commencement of any eminent domain action to remediate blight, the owner must be cited for at least one of the conditions within the definition of blight and must have the opportunity to rehabilitate the property. Requires a condemning authority to pay reasonable attorney fees, expenses, and other related costs to a property owner when the final judgment is more than 40 percent greater than the last written offer of compensation made by the condemning authority. Authorizes the court to award reasonable attorney fees, expenses, and other related costs to a property owner when the final judgment is more than 20 percent but less than 40 percent greater than the last written offer of compensation.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Expenditures – Exceeds \$5,000\*

Other Fiscal Impact – The provisions of the bill could result in litigation costs for the state. It is unknown how often or to what extent those costs may occur; therefore a precise fiscal impact cannot be determined. Any increase in state expenditures is estimated to exceed \$5,000 per case. Due to multiple unknown variables, a precise impact to state and local government for any delay in initiating eminent domain proceedings cannot reasonably be determined.

**SUMMARY OF AMENDMENTS (012997, 013986, 014082):** Amendment 012997 deletes all language after the enacting clause and rewrites the bill such that no substantive changes were made from the original language. Amendment 013986 declares that no land owned by an entity or any subsidiary or affiliate of the entity that is regulated by the federal surface transportation board be considered blighted. Amendment 014082 says that property cannot be deemed blighted solely on aesthetic conditions.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Unchanged from the original fiscal note.

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Assumptions for the bill as amended:

- According to the Attorney General and the Department of Transportation, the provisions of the bill as amended will increase the number of cases that will be litigated. A precise increase in state expenditures is indeterminable, however is reasonably estimated to exceed \$5,000 per case.
- Due to unknown variables, such as how many local government entities will be responsible for paying attorney fees, expenses, and other related costs, and the extent of any such fees assessed on local governments a precise increase in local government expenditures cannot be determined, however is reasonably estimated to exceed \$5,000 statewide.
- The bill as amended requires the owner of the property to be cited for at least one offense listed in the definition of blighted property and given an opportunity to rehabilitate the cited property prior to any proceedings being initiated.
- The provisions of the legislation as amended narrow the current definition of blighted or deteriorated property, such that entities with eminent domain authority may experience increased difficulty initiating eminent domain against such properties.
- Due to multiple unknown factors, such as how many governmental entities will be delayed in initiating eminent domain proceedings, how any such delay may impact development, the extent any delay in development may impact state and local government, a precise impact to state and local government due to any delay in initiation of eminent domain is indeterminable.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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